

## Message Text

LIMITED OFFICIAL USE

PAGE 01 MANILA 02483 200657Z

22

ACTION TRSE-00

INFO OCT-01 EA-07 NEA-10 ISO-00 IO-11 H-02 L-03 PRS-01

PA-01 USIA-06 SP-02 AID-05 EB-07 NSC-05 CIEP-01 SS-15

STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03 INR-07

NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 /103 W

----- 038623

P 200624Z FEB 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 2301

INFO AMEMBASSY ISLAMABAD PRIORITY

AMCONSUL KARACHI PRIORITY

LIMITED OFFICIAL USE MANILA 2483

USADB

E.O. 11652: ADS, DECLAS 2/20/77

TAGS: EAID, EFIN, PK

SUBJECT: PROPOSED ADB LOAN FOR QASIM PORT

FOR NAC AGENCIES

ISLAMABAD/KARACHI ALSO PASS AMBASSADOR PAPP

REF: (A) MANILA 2109, (B) STATE 28347

SUMMARY: ADB MISSION NOW RETURNED FROM KARACHI ADVISES  
BANK HAS REACHED TENTATIVE UNDERSTANDING WITH GOP OFFICIALS  
ABOUT FINANCING FOR SUBJECT PROJECT. NAC COMMENTS  
REQUESTD. END SUMMARY.

1. BASED ON DISCUSSIONS JUST CONCLUDED WITH PAKISTAN  
OFFICIALS, ADB NOW CONSIDERING TO FINANCE FOLLOWING QASIM  
PORT COMPONENTS: (A) ALL PHASE I DREDGING - FOREX COST  
ESTIMATED AT \$35 MILLION (B) BULK TERMINAL AND BERTH  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MANILA 02483 200657Z

SPECIFICALLY DESIGNED FOR IRON ORE AND COAL (STEEL

MILL INPUTS), ESTIMATED AT \$14.5 MILLION.

2. USADB DISCUSSION OF PROJECT WITH STAFF, IT WAS ESTABLISHED THAT: (A) PAKISTANIS HAD REQUESTED JAPANESE TO FINANCE IRON ORE/COAL TERMINAL (JAPANESE ENGINEERS HAVE DONE PRE-FEASIBILITY AND SOME DESIGN WORK), BUT LOAN HAD NOT MATERIALIZED. AT BANK'S REQUEST, JAPANESE WILL AGAIN BE APPROACHED, BUT BANK IS DOUBTFUL THIS FURTHER EFFORT WILL SUCCEED; (B) TWO OTHER BILATERAL DONORS (BELGIUM, CANADA) HAVE EXPRESSED INTEREST IN CO-FINANCING SOME PROJECT COMPONENTS. ADB BELIEVES MOST LIKELY BELGIANS WILL BE INTERESTED IN FINANCING REMAINING PHASE I COMPONENTS, NAMELY 4 TO 7 GENERAL BULK AND BAGGED CARGO WHARVES, WHILE CANADIANS MAY GET INVOLVED IN SECOND PHASE. (C) ADB PREPARED TO FINANCE DREDGING AND IRON ORE/COAL TERMINAL IF NO OBJECTION FROM MAJOR BANK MEMBER COUNTRIES.

3. IN DISCUSSION OF PROJECTED ECONOMIC FEASIBILITY OF ADB-FINANCED COMPONENTS OF PORT PROJECT, STAFF ASSERT THAT BANK WOULD REQUIRE IN SIDE LETTERS (CONDITION PRECEDENT TO LOAN APPROVAL) THAT PAKISTANIS ESTABLISH AND MAINTAIN TARIFF STRUCTURE FOR HANDLING ORE AND COAL SUCH THAT NOT ONLY WOULD OPERATION AND MAINTENANCE COSTS PLUS AMORTIZATION OF \$14.5 MILLION TERMINAL BE PROVIDED, BUT IN ADDITION THIS TARIFF WOULD HAVE TO AMORTIZE APPROPRIATE PORTION OF OVERALL DREDGEING COSTS SINCE 80 PERCENT OF DREDGING IS ATTRIBUTED TO ORE/COAL BULK TERMINAL REQUIREMENTS.

4. ADB MISSION CONFIRMED THAT GOP FULLY COMMITTED TO PROCEEDING WITH STEEL MILL AND BANK HAS ASSURED USADB THAT ADB FINANCING PORTION OF QASIM PORT WOULD NOT REPEAT NOT BE USED TO SUBSIDIZE STEEL MILL OPERATION.

5. IN VIEW REF B, USADB WOULD APPRECIATE NAC COMMENTS SOONEST. SULLIVAN

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DEVELOPMENT LOANS, PORTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 FEB 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976MANILA02483  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760063-0702  
**From:** MANILA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760230/aaaabadn.tel  
**Line Count:** 98  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION TRSE  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 MANILA 2109, 76 STATE 28347  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 07 JUN 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <07 JUN 2004 by greeneet>; APPROVED <02 JUL 2004 by morefirh>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PROPOSED ADB LOAN FOR QASIM PORT FOR NAC AGENCIES  
**TAGS:** EAID, EFIN, PK, ADB  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006